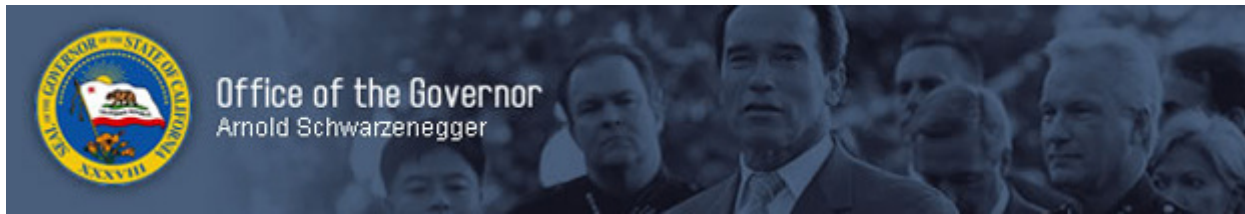


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PRESS RELEASE

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Gov. Schwarzenegger Calls for Ratification of Korea-U.S. Free Trade Agreement

Highlights Benefits to U.S., California if Ratified

Governor Arnold Schwarzenegger today spoke to members of the American Chamber of Commerce in Seoul, South Korea where he urged the U.S. Congress to ratify the U.S.-Korea Free Trade Agreement (KORUS FTA). This comprehensive trade agreement will eliminate tariffs and other barriers to trade in goods and services, promote economic growth and strengthen economic ties between the United States and South Korea. California's agricultural products and economy would especially benefit from the ratification of the trade agreement.

"One of the most powerful tools to spread freedom, peace and prosperity is free trade and free enterprise. In his State of the Union Address, President Obama pledged to double American exports in five years and I commend him for his vision. Now we need to see the action," said Governor Schwarzenegger. "The U.S.-Korea Free Trade Agreement, and two others, has been gathering dust in the halls of Congress for over three years. And while we stall, other global leaders are picking up the slack. The ratification of these agreements will lead to increased exports, production and investment; all of which create jobs at a time we need them most. So I say to Congress, if your number one priority is stimulating our economy, approve these free trade agreements so we can start putting people back to work - not next month, not next year, but right now."

The U.S. International Trade Commission estimates that the reduction of Korean tariffs and tariff-rate quotas on goods alone would add up to \$12 billion annually to U.S. Gross Domestic Product (GDP) and around \$10 billion to annual merchandise exports to Korea. The KORUS FTA will particularly benefit agriculture, as almost two-thirds of Korean imports of U.S. farm products will become duty free immediately. It will also help the United States and California compete against Korea's other major agriculture suppliers and current free trade partners, such as Chile.

California is the number one U.S. State for exports to South Korea, making up about one-third of all Korea's imports from the U.S. and is uniquely positioned to benefit from the ratification of the KORUS FTA. Ratification will immediately open new access for California goods and services in Korea's \$1 trillion economy and is estimated to increase California exports to Korea by \$1.72 billion, according to the Korea Economic Institute. It is estimated that California's agricultural exports to South Korea could increase by as much as 50 percent with the passage of the KORUS FTA. Currently, Korean tariffs on agricultural imports average around 52 percent, according to the United States Department of the Agriculture; these tariffs would be phased out and eliminated in most cases under the agreement. Products such as hay, orange juice, wine, coffee and nuts will benefit immediately from the passage.

The KORUS FTA was signed on June 30, 2007, but has yet to be approved by the U.S. Congress. Since that time, South Korea has successfully concluded an FTA with the European Union and is in advanced FTA negotiations with Canada. This increased competition from countries around the world threatens the economic benefit the U.S. and California stand to gain from exports to the Asian country. In fact, it is estimated by the Trade Partnership Worldwide, LLC, that the failure to approve the KORUS FTA will result in a U.S. goods export loss of \$35 billion; GDP loss of \$40 billion and an employment loss of 345,000. The economic damage would be similar in California, with a goods export loss of \$2.5 billion; GDP loss of \$5.2 billion and an employment loss of nearly 40,000.

South Korea is one of the fastest growing economies in the world and is California's fifth largest trading partner, with nearly \$6 billion in California goods exported in 2009. Between 2002 and 2009, California exports to South Korea increased 64 percent. The top three California exports are: computer and electronic products, machinery and food and agriculture. Ratification of the KORUS FTA will help increase the amount of exports to South Korea, which will create jobs, boost our economy and increase revenues for the state.

Last week, Governor Schwarzenegger and the Governors of Oregon and Washington sent joint letters [to President Obama](#) and [to Congress](#) urging the ratification of the KORUS FTA.

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